

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 15, 2015

CERTIFIED RETURN RECEIPT
7013 3020 0002 3659 5378

Tracy Burnham
Eureka Rock LLC
1584 South 580 East
American Fork, Utah 84003

Subject: Review of Reclamation Surety and Mine Operator Status, Eureka Rock LLC, Eureka Rock Quarry, S/023/0094, Juab County, Utah

Responses required by June 1, 2015

Dear Mr. Burnham:

The reclamation surety and the mine operator for the Eureka Rock quarry need to be updated. The Division of Oil, Gas and Mining (Division) has not received an annual report since 2011 when no production was reported.

Operator Status

Eureka Rock LLC has not been registered to do business in Utah since 2007, but the Division has continued to receive permit fees for the Eureka Rock quarry from Decorative Development LLC or Decorative Enterprises, Inc. In 2010, you were listed with the Division of Corporations as the manager and as a member of Eureka Rock LLC. The other member was Cody Harding. Benjamin McInnes was the registered agent and the contact person for the mine, but the Division understands he has not been associated with Decorative Enterprises for several years.

On April 23, 2012, the Division wrote you about the need for a permit transfer but received no response.

For the Notice of Intention to remain active, the operator needs to be a viable entity registered to do business in Utah (except for a sole proprietor). **By June 1, 2015, please inform the Division how you will resolve this problem.** The Notice of Intention to Commence Small Mining Operations (Notice) may be transferred to another entity, such as Decorative Enterprises, Inc., or the business registration for Eureka Rock LLC may be renewed. A transfer application form is included with this letter, or it can be obtained from the Division's web site at https://fs.ogm.utah.gov/PUB/MINES/Minerals_Related/FORMS/MR-TRS.pdf.



Reclamation Surety

The last reclamation cost estimate for the Eureka Rock Quarry mine was done in 2011 and escalated to 2014 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$20,800 to \$23,000.00 for a three-year escalation or to \$23,500 for a five-year escalation. The average reclamation costs are outlined below:

***Small Mine Operation (1-5 acres) Bond Calculation Worksheet
Eureka Rock Quarry S/023/0094
3-year escalation (2018)***

<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	3	\$5,000.00	\$15,000.00
Additional Mob/demob >50 miles	1	\$0.00	\$0.00
TOTAL			\$23,000.00

5-year escalation (2020)

<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	3	\$5,100.00	\$15,300.00
Additional Mob/demob >50 miles	1	\$0.00	\$0.00
TOTAL			\$23,500.00

The current reclamation surety is in the form of a certificate of deposit. The increase can be effected by increasing the amount in the certificate of deposit, or by submitting a new certificate of deposit, a letter of credit, cash, or a surety bond for either the increased or the full amount. Please contact the minerals program bonding coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional surety.

Please submit the increased surety by June 1, 2015. Failure to do so is likely to result in the Division issuing a cessation order and associated fines, seeking forfeiture of the surety, and reclaiming the mine.

Annual Reports and Extended Suspension

The Division has not received an annual report since 2011 when no production was reported. The only other annual report was from 2006 when, again, no production was reported. In the absence of an annual report, the Division assumes there has been no production. The

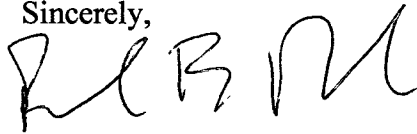
Tracy Burnham
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Division may require reclamation after five years of suspended operations, and reclamation is required after ten years of inactivity unless, prior to the expiration of the ten-year period, the operator requests approval from the Board of Oil, Gas and Mining for a longer suspension period.

Please file the annual reports by June 1, 2015. A blank copy of the annual report form is enclosed, and it may be obtained from the Division's web site at http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/permit_forms.html. The form to use is MR-AR-SMO.

I look forward to resolving these issues. Please contact the lead inspector, Wayne Western, at 801-538-5263 or me at 801-538-5261 if you have questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker', with a stylized flourish at the end.

Paul B. Baker
Mining Program Manager

PBB:whw:pb
Enclosures: Forms MR-TRS and MR-AR-SMO
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